

Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, 13th February, 2020

PRESS RELEASE

Searches conducted by the Income Tax Department lead to detection of unaccounted income of more than Rs. 2000 crore

Income Tax Department carried out Search and Seizure action on 6th February 2020 at Hyderabad, Vijaywada, Cuddapah, Vishakhapatnam, Delhi and Pune. More than 40 premises were covered.

The search action included three prominent infrastructure groups based in Andhra Pradesh and Telangana. Investigations led to busting of a major racket of cash generation through bogus sub-contractors, over-invoicing and bogus billing. Several incriminating documents and loose papers were found and seized during the search, apart from emails, WhatsApp messages and unexplained foreign transactions unearthed during the search.

Search operation was also carried out on close associates including ex-personal secretary of a prominent person and incriminating evidence seized.

The search operations revealed that Infrastructure companies had sub-contracted work to several non-existent/bogus entities. Preliminary estimates suggest siphoning of more than Rs. 2000 crore through transactions that were layered through multiple entities with the last in the chain being small entities with turnover less than Rs. 2 crore to avoid maintenance of books of accounts and tax audits etc. Such entities were either not found at their registered address or were found to be shell entities. Several such sub-contractors were controlled by the principal contractors with all their ITR filings and other compliances being done from the IP addresses of main corporate office.

FDI receipts of several crores in the group companies of one of the Infrastructure companies is suspected to be round-tripping of its unaccounted funds.

Unexplained cash of Rs. 85 lakh and Jewellery worth Rs. 71 lakh have been seized. More than 25 bank lockers have been restrained.

(Surabhi Ahluwalia)
Commissioner of Income Tax
(Media & Technical Policy)
Official Spokesperson, CBDT.